

**PROPONENT OF HB5 – LONG-RANGE PLANNING BILL –**  
**Joint Appropriations**

**Subcommittee on Long Range Planning**

**Monday, February 5, 2007 – Room 350 – 8:00 AM**

Presented by: Mary Oliver, businesswoman from southwestern Montana living in Ennis where I have enjoyed a 42 year banking career with the First Madison & First Boulder Valley Banks. I am currently serving as the Chair of the Montana Heritage Commission & am associated with the Ennis, Virginia City, Sheridan & Twin Bridges Chambers of Commerce, Ennis Big Brothers/Big Sisters, the Madison County Economic Development Council, the Virginia City Preservation Alliance, the Montana Preservation Alliance, the West Yellowstone Foundation & the National Trust for Historic Preservation.

I have been, and continue to be, an active volunteer at the local, county, state and national levels, committed to promoting economic development and historic/cultural preservation...mindfully working to protect the Sense of Place that Montana portrays to the world.

I urge each & every one of you to promote & vote YES on HB5...\$3 million invested in Virginia & Nevada Cities to be used for historic preservation...to fund critical building stabilization needs. Historic preservation doesn't have a value...It has a multitude of values: aesthetic ~ cultural ~ social & psychological ~ political ~ environmental ~ educational ~ and economical. I am here to speak mainly on the economical value of historic preservation.

**First Point: It has been measured and proven that there is greater local economic impact with building rehabilitation than with new construction.** Why? Rehab represents 70% labor with 30% materials while new construction represents approximately 50% labor with 50% materials. While you might buy an air conditioner from Texas and timber from Oregon, you buy the services of the carpenter and the painter from across the street. Those tradesmen, in turn, spend their dollars locally...labor intensity adds to the local economy. And historic building preservation presents opportunity for educational opportunity. The Virginia City Institute attracts preservationists nation-wide. They will be hosting an accredited field school this year for graduate students from an out-of-state university & they are currently working with Montana schools and universities on various projects, yet to be announced. **\$3 Million of historic preservation in Virginia City & Nevada City will significantly impact the economy of southwestern Montana through job creation, an increase in area household incomes and an expansion of educational opportunities.**

**Second Point: Rehabilitated historic buildings are capital assets...there is an economic impact in their creation but a subsequent economic role in their long-term use that has additional economic impacts.** One area of significant preservation economic impact is heritage tourism, a fast growing segment of the visitor industry worldwide. Preservation visitors stay longer, visit twice as many places and spend 2 ½ times as much money as non-preservation visitors. Furthermore, heritage tourism is the singular form of tourism that, when done right can preserve the local culture & enhance the quality of life for the full time area residents as well as for visitors. The Nevada City Living History Program has expanded its programming, greatly improving the visitor experience and has increased day-trip visitation. **\$3 Million of historic preservation in Virginia City & Nevada City will add value to Montana's heritage tourism, while enhancing the quality of life for area residents.**

**Third point: Perhaps a less obvious economic benefit of historic preservation is small business incubation.** The vast majority of net new jobs in the US are not created by Exxon or by IBM. Around 85% of all net new jobs are created by firms employing less than 20 people, with 50% of those businesses employing 5 people or less. One of the few costs firms of this size can control is occupancy costs – rent. By nature, historical buildings are small, thus the perfect match for small business opportunity. In many cities old industrial and retail historic buildings are attracting high tech industries that employ ten or fewer people. Within the last 120 days, private purchases of commercial buildings and properties in Virginia City have exceeded \$1.75 Million. Private investors believe in the State of Montana's future financial commitment to this treasured historical asset. **\$3 Million of historic preservation in Virginia City & Nevada City will present opportunity for existing businesses to expand and to extend their season and will present opportunity to attract new small businesses. Additionally the state's investment will spur more private investment in the area.**

**Fourth point of historic preservation economic benefit is small town revitalization.** At the same time we have seen departure from our central cities, there has also been an out-migration from small towns. Dollars spent on historic preservation in small towns reinvigorates the community, instilling a sense of pride & ownership in the historical value of the area. This is historic preservation that has nothing to do with tourism or museums but is making a huge & sustainable economic impact all over America. Stable residential neighborhoods may not seem to be central to economic development, but in fact they are critical. Declining neighborhoods means loss of tax revenues for local government, departure of the skilled, the educated, the employed and the middle class. Declining neighborhoods see increased crime, declining property values, and underutilized public infrastructure. Both the public & private sectors

suffer economically when residential neighborhoods decline. In Virginia City, a community of 140 people, during 2005 & 2006, twelve new homes were built, representing in excess of \$3Million dollars of private investment. **\$3Million of state money spent in Virginia City & Nevada City will spur more revitalization of the area and instill greater community pride!**

So the story of the economic importance of historic preservation in Virginia City and Nevada City is a positive one. It is a story that is being heard and understood and adopted by decision makers – bankers, elected officials, city managers, economic development professionals, real estate developers, accountants, and business people.